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3 August 1954

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MEMORANDUM FOR: General [REDACTED]

SUBJECT : Panel of Consultants on Covert Activities of the
Central Intelligence Agency

1. I have requested you, and you have agreed, to act as Chairman
of a panel of consultants to conduct a study of the covert activities
of the Central Intelligence Agency. With your concurrence I have
invited Messrs. [REDACTED]
to act with you as members of the panel. [REDACTED] has
kindly agreed to serve as Executive Director of the panel.

2. It is my desire that the Panel of Consultants should under-
take a comprehensive study of the covert activities of the Central
Intelligence Agency, in particular those carried out under the terms
of [REDACTED] of August 28, 1951, and [REDACTED] of 15 March 1954. You
will consider the personnel factors, the security, the efficacy, and
the relative costs of these operations and, as far as possible,
equate the cost of the over-all efforts to the results achieved.

You will make any recommendations calculated to improve the
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conduct of these operations. To the extent that agencies of the Government, other than the Central Intelligence Agency, are engaged in covert operations which parallel, duplicate, or supplement the operations of CIA, you may investigate such other operations conducted by any other department or agency of the Government in order to insure, insofar as practicable, that the field of foreign clandestine operations is adequately covered and that there is no unnecessary duplication of effort or expense.

3. In view of the particularly sensitive nature of these covert operations, their relation to the conduct of our foreign policy, and the fact that these operations are carried on pursuant to National Security Council action approved by me, I desire that your report be made to me personally and classified SECRET or TOP SECRET. I will determine whether or not the report or any part thereof should have any further dissemination. I should appreciate it if your report could be available to me prior to January 1, 1955.

4. As you know, the Commission on Organization of the Executive Branch of the Government, generally known as the Hoover Commission, is

SECRET

constituting a Task Force to study and make recommendations with

respect to the organization and methods of operations of the CIA.

General Mark W. Clark has been designated by Mr. Hoover to head this

Task Force which, I understand, will probably be organized and start

its work sometime in September next. Under the law constituting the

Hoover Commission, the Task Force shall study and investigate the

present organization and methods of operation of the Agency to

determine what changes therein are necessary to accomplish the policy

of Congress to promote economy, efficiency, and improved service by:

- a. recommending methods and procedures for reducing expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- b. eliminating duplication and overlapping of services, activities, and functions;
- c. consolidating services, activities, and functions of a similar nature;

d. abolishing services, activities, and functions not necessary to the efficient conduct of Government;

e. eliminating nonessential services, functions, and activities which are competitive with private enterprise;

f. defining responsibilities of officials; and

g. relocating agencies now responsible directly to the President in departments or other agencies.

5. In the event that the work of the Hoover Task Force gets under way while your work is still in progress, I suggest that you and General Clark confer in order to avoid any unnecessary duplication of work as between you. The distinction between the work of your Study Group and of the Hoover Task Force is this:

You will deal with the covert activities of the CIA as indicated above, with primary emphasis on the effectiveness thereof, and your report will be submitted to me. General Clark's Task Force will deal largely with the organization and methods of operation of the CIA and other related agencies

within the limits prescribed in the law as outlined in paragraph 4 above. Reports of the Hoover Commission are made to the Congress.

6. The purpose of these studies, both that of the Hoover Task Force and that of your Group, is to insure that the United States Government develops an appropriate mechanism for carrying out its overall intelligence responsibilities and the related covert operations. I consider these operations are essential to our national security in these days when international Communism is aggressively pressing its world-wide subversive program.

ALLEN W. DULLES
Director